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**Memorandum**

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AZ CORP COMMISSION  
DOCKET CONTROL

April Robitaille  
805.882.1474tel  
805.965.4333 fax  
ARobitaille@bhfs.com

**DATE:** September 12, 2011

**TO:** Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

**FROM:** April Robitaille, assistant to Brad Herrema

**RE:** In the Matter of the Application of Arizona-American Water Company  
Docket Nos. W-01303A-09-0343 and SW-01303A-09-0343

Enclosed is an original and 14 copies of our Rebuttal Testimony of Desi Howe. Please conform one of the copies, and return it to us in the envelope provided. Thank you for your consideration.

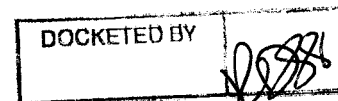
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Enclosures

SB 543955 v1:098000.0015

Arizona Corporation Commission

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SEP 13 2011



BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
DOCKET CONTROL

GARY PIERCE  
Chairman

BRENDA BURNS  
Commissioner

SANDRA D. KENNEDY  
Commissioner

PAUL NEWMAN  
Commissioner

BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY ITS  
ANTHEM WATER DISTRICT AND ITS  
SUN CITY WATER DISTRICT

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
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ANTHEM/AGUA FRIA WASTEWATER  
DISTRICT, ITS SUN CITY WASTEWATER  
DISTRICT AND ITS SUN CITY WEST  
WASTEWATER DISTRICT

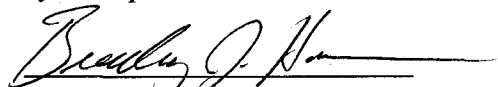
DOCKET NO. SW-01303A-09-0343

ANTHEM GOLF AND COUNTRY CLUB'S NOTICE OF FILING  
REBUTTAL TESTIMONY

The Anthem Golf and Country Club hereby files the Rebuttal Testimony of Desi Howe.

1 RESPECTFULLY SUBMITTED this 12th day of September 2011.

2 By:



3 Bradley J. Herrema

4 Brownstein Hyatt Farber Schreck, LLP

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**PROOF OF SERVICE**

ORIGINAL and thirteen (13) copies of the  
of the foregoing filed  
this 12th day of September 2011 with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

Copy of the foregoing served,  
by United States Mail,  
this 12th day of September 2011, to:

Thomas H. Campbell  
Michael T. Hallam  
LEWIS AND ROCA LLP  
40 North Central Avenue, Suite 1900  
Phoenix, AZ 85004  
Attorneys for Arizona-American Water Co.

Larry Woods, President  
PROPERTY OWNERS AND RESIDENTS  
ASSOCIATION  
13815 East Camino Del Sol  
Sun City West, AZ 85375

Judith M. Dworkin  
SACKS TIERNEY PA  
4250 North Drinkwater Blvd., 4th Floor  
Scottsdale, AZ 85251-3693  
Attorney for Anthem Community Council

W.R. Hansen  
12302 West Swallow Drive  
Sun City, AZ 85024

Lawrence V. Robertson, Jr.  
P.O. Box 1448  
Tubac, AZ 85646-1448  
Attorney for Anthem Community Council

Greg Patterson  
916 W. Adams, Suite 3  
Phoenix, AZ 85007  
Attorney for WUAA

Janice Alward, Chief Counsel  
Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

Steve Olea, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

1 Jeff Crockett  
2 Robert Metli  
3 One Arizona Center  
4 400 E. Van Buren  
5 Phoenix, AZ 85004-2202  
6 Attorneys for Resorts

7 Andrew M. Miller  
8 Town of Paradise Valley  
9 6401 E. Lincoln Drive  
10 Paradise Valley, AZ 85253

11 Norman D. James  
12 Fennemore Craig, P.C.  
13 3003 North Central Avenue, Suite 2600  
14 Phoenix, AZ 85012  
15 Attorneys for DMB White Tank, LLC

16 Robin Mitchell  
17 Maureen Scott  
18 Legal Division  
19 Arizona Corporation Commission  
20 1200 W. Washington Street  
21 Phoenix, AZ 85007

22 Philip H. Cook  
23 10122 W. Signal Butte Circle  
24 Sun City, AZ 85373

25 Richard Alt, Leader  
26 Scottsdale Citizens for Sustainable Water  
27 7532 E. Cactus Wren Road  
28 Scottsdale, AZ 85250

Dated: September 12, 2011

Daniel Pozefsky  
RUCO  
1110 West Washington Street, Suite 220  
Phoenix, AZ 85007

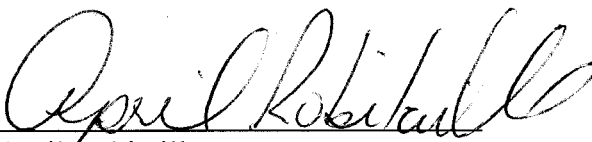
Marshall Magruder  
P.O. Box 1267  
Tubac, AZ 85646-1267

Teena Wolfe, Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Joan S. Burke  
Law Office of Joan S. Burke  
1650 N. First Avenue  
Phoenix, AZ 85003  
Joan @jsburkelaw.com  
Electronic Service Only Preferred

Glenn W. Smith, Treasurer  
Scottsdale Citizens for Sustainable Water  
7322 E. E. Sierra Vista Dr.  
Scottsdale, AZ 85250

Larry D. Woods  
15141 W. Horseman Lane  
Sun City West, AZ 85375

  
April Robitaille

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**GARY PIERCE**  
Chairman

**BRENDA BURNS**  
Commissioner

**SANDRA D. KENNEDY**  
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**PAUL NEWMAN**  
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IN THE MATTER OF THE APPLICATION  
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COMPANY, AN ARIZONA  
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ANTHEM WATER DISTRICT AND ITS  
SUN CITY WATER DISTRICT

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
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DISTRICT, ITS SUN CITY WASTEWATER  
DISTRICT AND ITS SUN CITY WEST  
WASTEWATER DISTRICT

DOCKET NO. SW-01303A-09-0343

**REBUTTAL TESTIMONY  
OF  
DESI HOWE  
ON BEHALF OF  
ANTHEM GOLF AND COUNTRY CLUB**

1 **EXECUTIVE SUMMARY**

2 Desi Howe testifies that:

3  
4 The Club receives water for irrigation purposes from the Company pursuant to the Anthem-  
5 Agua Fria Wastewater District Effluent Rate, as adopted in Commission Decision 72047. Decision  
6 72047 also ordered the docket in this proceeding to remain open for the purpose of considering the  
7 design and implementation of stand-alone revenue requirements and rate designs for the  
8 deconsolidation of the Anthem-Agua Fria Wastewater District.

9 The Effluent Rate was specially adopted by the Commission in Decision 72047, after the  
10 submission of testimony and evidence by Effluent Rate customers and the Company. None of the  
11 Effluent Rate customers were parties to the settlement agreement that gave rise to this  
12 deconsolidation proceeding. The Club supports the positions of DMB White Tank, LLC and  
13 Commission Staff that, whether or not the Commission orders deconsolidation and the adoption of  
14 stand-alone rates, the Effluent Rate should remain unchanged.

15 The Club takes no position on deconsolidation, but defers to the Commission's discretion as  
16 to whether deconsolidation should be ordered in this case.  
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**I. INTRODUCTION AND QUALIFICATIONS**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER.**

A. My name is Charles Desmond "Desi" Howe, Jr. My business address is 2708 W. Anthem Club Drive, Anthem, Arizona 85086, and my business telephone number is 623-742-6201.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

A. Yes. I testified in the present case, through the submission of "Direct Testimony Regarding Issues Other Than Rate Structure," dated February 22, 2010, and "Direct Testimony Regarding Rate Structure and Rate Consolidation," dated May 30, 2010.

**II. PURPOSE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY REGARDING WASTEWATER SYSTEM DECONSOLIDATION IN THIS CASE?**

A. For a summary of my testimony, please see the preceding Executive Summary.

**III. THE CREATION OF THE EFFLUENT RATE**

**Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE COMPANY'S EFFLUENT RATE, AS SET FORTH IN COMMISSION DECISION 72047.**

A. The Club receives water for irrigation purposes from the Company pursuant to the Anthem-Agua Fria Wastewater District Effluent Rate, as adopted in Commission Decision 72047. Prior to the Commission's adoption of Decision 72047, the Club received the same water for irrigation purposes from the Company's Anthem Water District pursuant to its Non-Potable Irrigation Rate. On February 22, 2010, the Club submitted "Direct Testimony Regarding Issues other than Rate Structure," and on May 3, 2010, the Club submitted "Direct Testimony Regarding Rate Structure and Rate Design." The Club, along with DMB White Tanks and Corte Bella, requested that the Commission set the Effluent Rate at \$250/acre-foot delivered by the Anthem-Agua Fria Wastewater District. The Company requested that the Effluent Rate be set at this price as well. Through Decision 72047, the Commission found this rate to be reasonable and adopted it as requested.

///

1 During the Commission's December 2010 Open Meeting, an agreement was reached among  
2 the Company, the Anthem Community Council, the Residential Utility Consumer Office, and  
3 Commission Staff regarding a number of issues unrelated to the Commission's adoption of an  
4 Effluent Rate for the Anthem-Agua Fria Wastewater District. The settlement agreement  
5 additionally included the Company's agreement to initiate proceedings for the deconsolidation of  
6 the Anthem-Agua Fria Wastewater District. The Commission adopted the settlement agreement  
7 and ordered the docket in this proceeding to remain open for the purpose of considering the design  
8 and implementation of stand-alone revenue requirements and rate designs for the deconsolidation of  
9 the Anthem-Agua Fria Wastewater District.

10 **Q. WHAT IS THE CLUB'S POSITION ON THE EFFECT OF POTENTIAL  
11 DECONSOLIDATION ON THE COMPANY'S EFFLUENT RATE?**

12 A. The Effluent Rate approved in Decision 72047 was specially adopted by the Commission  
13 after the submission of testimony and evidence by the primary Effluent Rate customers,  
14 Commission Staff and the Company. None of the Effluent Rate customers were parties to the  
15 settlement agreement that gave rise to this deconsolidation proceeding. The Club supports the  
16 positions of DMB White Tank, LLC and Commission Staff that whether or not the Commission  
17 orders deconsolidation and the adoption of stand-alone rates, the Effluent Rate should remain  
18 unchanged.

19 **V. DECONSOLIDATION**

20 **Q. DOES THE CLUB TAKE A POSITION REGARDING THE DECONSOLIDATION  
21 OF THE ANTHEM-AGUA FRIA WASTEWATER DISTRICT?**

22 A. No. The Club defers to the Commission's discretion as to whether deconsolidation should  
23 be ordered in this case.

24 **IV. CONCLUSION**

25 **Q. DOES THIS CONCLUDE YOUR TESTIMONY REGARDING THE  
26 DECONSOLIDATION OF THE ANTHEM-AGUA FRIA WASTEWATER DISTRICT?**

27 A. Yes.  
28